

Legislative Proposals Under Consideration

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**Presented to the
Revenue Stabilization and Tax Policy Committee**

**Sixth Meeting in 2009
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Legislative Proposals Under Consideration

Overview

- **Today we will present updated FIRs and LCS draft bills for four previously presented tax and four previously presented MVD proposals, and for four new MVD proposals:**

Tax Bills (Presented at November Meeting)

- **Withholding on oil and gas proceeds and pass-through entities;**
- **Tax Increment Development Districts (TIDDs);**
- **Tax administration generally; and**
- **Personal Income Tax (PIT) simplification**

MVD Bills (Presented at November Meeting)

- **Allow Driver's Licenses and Identification Cards to be renewed via internet or mail;**
- **Clarify expiration dates for Driver's Licenses of individuals under age 21;**
- **Require a New Mexico Driver's License to be obtained within 30 days of establishing residency; and**
- **Cancel Ignition Interlock Driver's License for noncompliance**

Legislative Proposals Under Consideration

Overview – Cont.

New MVD Bills

- **Mandatory auto insurance reform – uninsured motorists;**
 - **Require date of birth and Driver's License to register a vehicle;**
 - **Lifetime Driver's License revocation for vehicular homicide; and**
 - **Off-site vehicle sales penalties**
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- **For previously presented proposals we will only highlight any changes to the bills or the FIRs since November**

Legislative Proposals Under Consideration

Tax Bills (Presented at November Meeting)

Withholding on Oil and Gas Proceeds and Pass-Through Entities

- **The current Legislative Council Service draft is .179344.2SA**
- **This draft adds new language that allows pass-through entities to agree with an owner that the owner will pay the amount that the pass-through entity would have been required to withhold and remit on behalf of the owner**
- **This new language addresses several concerns that have been raised about special circumstances that would make it difficult for a pass-through entity to withhold**

Tax Increment Development Districts (TIDDs)

- **The current Legislative Council Service draft is .179390.3SA**
- **This draft delays the effective date of the technical changes (Section 1 and 2 of the bill) until July 1, 2011 to allow necessary funding to be available for TRD's required IT work**

Legislative Proposals Under Consideration

Tax Bills (Presented at November Meeting) – Cont.

Tax Administration

- **The current Legislative Council Service draft is .179343.3SA**
- **This draft includes two draft bills that were presented to the Committee in November:**
 - **One (LCS # .179627.1SA) would require in-State contractors who enter into a prime construction contract for work in New Mexico to post a surety bond with TRD to secure payment of gross receipts tax**
 - **The other (LCS # .179628.1SA) would make the increase in the administrative fee from 3% to 3.25% made in the 2009 General Appropriations Act permanent to fund TRD's "Fair Share" initiative**

PIT Simplification

- **The current Legislative Council Service draft is .179321.2SA**
- **This draft revises the phase out of personal exemptions for higher-income taxpayers and makes other technical changes**
- **The FIR includes final revenue estimates, which show that the bill raises some revenue every year**

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MVD Bills (Presented at November Meeting)

Allow Driver's Licenses and Identification Cards to be Renewed via Internet or Mail

- **The current Legislative Council Service draft is .179474.3SA**
- **This draft is unchanged from November**

Clarify Expiration Dates for Driver's Licenses of Individuals under Age 21

- **The current Legislative Council Service draft is .179453.1GR**
- **This draft is unchanged from November**

Require a New Mexico Driver's License to be Obtained within 30 Days of Establishing Residency

- **The current Legislative Council Service draft is .179476.1SA**
- **This draft is unchanged from November**

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MVD Bills (Presented at November Meeting) – Cont.

Cancel Ignition Interlock Driver's License for Noncompliance

- **The current Legislative Council Service draft is .179477.1SA**
- **This draft is unchanged from November**

New MVD Bills

Mandatory Auto Insurance Reform – Uninsured Motorists

- **The Legislative Council Service draft is .179475.2SA**
- **This proposed legislation is the same as HB-29 (Rep. Rehm), which was passed by the House, and in the Senate received unanimous votes in the Judiciary and Finance Committees before dying on the Senate floor**
- **The bill would accomplish five major things:**
 - **First, the legislation directs an officer who stops a vehicle to verify, through an electronic database available to him, whether or not the vehicle is insured**

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New MVD Bills – Cont.

Mandatory Auto Insurance Reform – Uninsured Motorists – Cont.

- **If the vehicle is insured, the officer could not charge the individual with failure to carry evidence of insurance, even if the driver does not carry proof of insurance**
- **Second, the legislation gives law enforcement officers the discretion to remove a vehicle's license plate for a violation of driving without proper liability insurance**
- **Currently, the plate can only be removed if the uninsured vehicle is involved in an accident**
- **Third, the bill clarifies that the temporary operation sticker issued to drivers who have been cited for not maintaining proper insurance shall not create liability on the part of the officer, his department, the government he serves, or the State of New Mexico for any damages that might arise from the future operation of the vehicle**
- **Fourth, the bill provides an option that offers convenience to the driver and a work reduction for our overburdened courts**
- **The new choice for the driver is to pay a “penalty assessment” misdemeanor fine of \$75, rather than go to court and face a misdemeanor penalty of up to \$300**

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New MVD Bills – Cont.

Mandatory Auto Insurance Reform – Uninsured Motorists – Cont.

- **Finally, for individuals who have their vehicle registrations suspended because of a violation of the Mandatory Financial Responsibility Act, the bill increases the registration reinstatement fee paid to MVD from \$25 to \$100**
- **Before this fee is imposed, individuals are provided two notices over 50 days regarding the need to purchase minimum levels of liability insurance**
- **In addition, there is a waiver for indigent individuals through rules that will be adopted through a public process by MVD**
- **The fee increase will be appropriated to MVD as part of its five-year plan to replace its computer system, and then either to the General Fund or to MVD operations**

Require Date of Birth and Driver's License to Register a Vehicle

- **The Legislative Council Service draft is .179572.2SA**

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- **This bill requires persons that are registering a vehicle to provide their Date of Birth (DOB) and their Driver's License Number (DL#) if they have one.**
- **As you are aware, the MVD is in the process of procuring a new back-end Driver and Vehicle system to replace the current 30 plus year old system.**
- **The new system will allow for a customer centric format which means that each customer will have one "account" that will tie together both the driver and the vehicle history. This will allow MVD to tie all driver actions and vehicle ownerships to the proper person without having to look in several different places in the system.**
- **Currently, to register a vehicle only a name and address are required. We all know, there are many people with the same name and addresses are not always kept up to date.**
- **Therefore, without this change, it will be difficult for MVD to have a customer centric system as described.**

Lifetime Driver's License Revocation for Vehicular Homicide

- **The Legislative Council Service draft is .180223.1GR**

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- **This bill provides for a more consistent license revocation action upon conviction for a DWI related Vehicular Homicide conviction**
- **Currently, a DWI related Vehicular Homicide conviction (felony) will only result in a one year “hard” revocation of the DL. “Hard” means the person is not eligible for an interlock or any other type of restricted license. However, this is inconsistent with DWI convictions. Currently DWI convictions are as follows:**
 - **1st DWI Conviction-One year revocation**
 - **2nd DWI Conviction-Two year revocation**
 - **3rd DWI Conviction-Three year revocation**
 - **4th and subsequent Conviction (felony) – Lifetime with a five year review by District court**
- **This bill will bring the DWI vehicular homicide conviction revocation period more in-line with a 4th and subsequent conviction, both which are felonies.**
- **This bill, upon a DWI vehicular homicide conviction, would allow the MVD to revoke the DL for life, the first year a “hard” revocation, 2nd and subsequent years the person would be eligible for an interlock license, and the opportunity to petition District Court after 10 years to reinstate the license. This will be much more in line with other felony revocation periods related to DWI.**

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Off-Site Vehicle Sales Provisions

- **The Legislative Council Service draft is .179478.1GR**
- **Current law requires MVD to administer a program for dealers to sell vehicles and RVs in offsite locations (away from their dealer location)**
- **For example, a dealer may hold a special sale for a weekend on the parking lot of a shopping mall**
- **The language of the current statute is vague and confusing, and lacks penalties (other than revocation) for noncompliance**
- **The proposal would add intermediate penalties for noncompliance**
- **It has been determined by Legislative Council Services and TRD legal that MVD currently has the statutory authority to amend the current regulation which will greatly improve the clarity and consistency of the intent of the Statute**
- **However, we do need specific statutory authority for intermediate penalties. Currently, upon becoming aware of a violation of current statute, rule, or policy, MVD can only make two decisions. One, do nothing or two revoke the dealer's license completely.**

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- **Per this bill, MVD would like to have some discretion on the penalty based on the severity of the violation. This bill would provide for such discretion.**
- **The bill provides for penalties of up to revocation of the Dealer's license and up to \$10,000 for a violation.**